

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 IO-11 /132 W

----- 000817

R 232011Z JAN 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7152

INFO AMEMBASSY ALGIERS

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

AMEMBASSY YAOUNDE

AMEMBASSY CAIRO

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

AMEMBASSY TEHRAN

USINT BAGHDAD

AMEMBASSY KINGSTON

AMEMBASSY MEXICO CITY

AMEMBASSY LAGOS

AMEMBASSY ISLAMABAD

AMEMBASSY LIMA

AMEMBASSY JIDDA

AMEMBASSY CARACAS

AMEMBASSY BELGRADE

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

C O N F I D E N T I A L PARIS 02308

E.O. 11652: GDS

TAGS: EGEN ENRG ETRD

SUBJECT: CIEC - GROUP OF NINETEEN MEETING IN PARIS.

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1. ACCORDING TO GROUP OF NINETEEN EMBASSY SOURCES
HERE, CONFLICT OF ECONOMIC INTERESTS WITHIN GROUP
EVIDENT THROUGHOUT RECENT TEN-DAY LIEC MANDATE DRAFTING
EXERCISES BUT KEPT UNDER CONTROL BY DESIRE WITHIN GROUP
TO REACH COMPROMISE LANGUAGE AND TO MINIMIZE PUBLIC
AIRING OF DIFFERENCES. PROCESS AIDED BY SKILLFUL CHAIR-
MANSHIP OF PEREZ-GUERRERO, RELATIVELY QUIET ROLE PLAYED
BY ALGERIANS, AND BY WEAVING INTO PROPOSED TOPICS FOR
COMMISSION MANDATE OF MOST PROPOSALS ADVANCED FOR
CONSIDERATION. COMMENT: ECLECTIC, SHOPPING-LIST NATURE
OF LDC PROPOSALS BEARS OUT THIS LAST POINT. WE UNDER-
STAND THAT MOST SUGGESTIONS WERE EVENTUALLY INCORPORATED
INTO FINAL DOCUMENT AFTER EXTENSIVE EDITING AND
NEGOTIATION. ACCORDING TO ONE SOURCE MOST PROPOSALS FOR
DEVELOPMENT COMMISSION WERE HOWEVER APPROVED WITHOUT
EXTENSIVE NEGOTIATION BECAUSE ALL COULD AGREE ON THEM--
THUS MORE RHETORICAL FLAVOR OF THIS SECTION. END
COMMENT.

2. DIFFERENCES BETWEEN OPEC AND NON-OIL PRODUCERS
EMERGED MOST CLEARLY AT TWO POINTS, ACCORDING TO OUR
SOURCES: UNDER BALANCE OF PAYMENTS PROBLEMS OF LDCS
(I.E. TO WHAT DEGREE THEY RELATED TO OIL PRICE
INCREASES--ITEM 1.5) AND UNDER PROTECTION OF FINANCIAL
ASSETS OF OIL PRODUCERS (ITEM 4.6). LATTER ITEM
APPARENTLY TOOK MOST OF LAST TWO DAYS OF MEETING AND
SAUDIS (WHO LED ARGUMENT ON THIS POINT FOR OPEC GROUP)
REPORTEDLY ACCEPTED FINAL LANGUAGE--CALLING FOR INVEST-
MENT GUARANTEES ETC. ONLY IN DEVELOPED COUNTRIES--ON AD
REF BASIS ONLY, SAYING THAT SUCH GUARANTEES ESSENTIAL
IF OIL PRODUCERS WERE TO MAINTAIN PRODUCTION ABOVE
LEVEL NEEDED TO MEET CURRENT EXPENDITURES. OUR SOURCES
NONETHELESS UNANIMOUSLY TOOK POSITION THAT WE
SHOULD NOT READ TOO MUCH INTO OPEC-LDC DIFFERENCES OF
OPINION, WHICH THEY CLAIM TO HAVE BEEN RESOLVED IN
COOPERATE MANNER.

3. MAJOR REASON FOR LONGER TNN EXPECTED DURATION OF
CONFERENCE, ACCORDING TO PARTICIPANTS, WAS CUMBERSOME
NATURE OF DISCUSSIONS WITH NINETEEN PARTICIPANTS, AND
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VOLUBILITY OF SOME NEW MEMBERS (E.G. MEXICO) WHICH
APPARENTLY FELT NEED TO GO ON RECORD ACROSS THE BOARD.
COMMENT: IN THIS RESPECT, IT IS SOMEWHAT DISCONCERTING
FOR PROSPECTS OF SERIOUS GIVE-AND-TAKE IN CIEC TO HEAR
SOME LDC REPRESENTATIVES MENTION THAT LDCS CURRENTLY
EXPECT THAT TEN NEGOTIATORS IN EACH COMMISSION WILL
RECEIVE INSTRUCTIONS ONLY FROM FULL GROUP OF NINETEEN.
END COMMENT.

4. OUR SOURCES EMPHASIZED THAT GROUP OF NINETEEN DO NOT EXPECT THEIR LIST TO BE APPROVED BY CIEC COMMISSIONS IN ITS PRESENT FORM, AND THAT THEY RECOGNIZE ELEMENTS OF IT ARE UNLIKELY TO SURVIVE IN EVENTUAL COMMISSION MANDATES. THEY WOULD NOT BE DRAWN OUT HOWEVER ON WHICH ELEMENTS THEY CONSIDERED MOST NEGOTIABLE.

5. AMONG ADMINISTRATIVE ARRANGEMENTS APPROVED AD REF BY MEETING IS PROPOSED CIEC COST-SHARING FORMULA WHICH WOULD SPLIT ONE THIRD OF LDC SHARE EQUALLY PER PARTICIPANT, WITH REMAINING TWO THIRDS SHARES DIVIDED PRO RATA ON BASIS OF EXPORT EARNINGS (WHICH WOULD OBVIOUSLY MAKE OIL PRODUCERS PAY LARGEST SHARE).
RUSH

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